

**BELLATRIX**

ASSET MANAGEMENT

HARVEST INVESTMENT FUND Global Convertible

MAY 2019

SUBFUND OVERVIEW

The fund's objective is to generate long-term capital appreciation by investing in a global portfolio composed principally of convertible bonds without any geographical or currency limitation. Convertible bonds are sensitive to movements in equities, credit, interest rates and volatility. Thus, according to the manager's macroeconomic assumptions, the portfolio parameters are set, with a bond or an equity bias. Thereafter, a selection process picks and weights around 50 to 60 investments to structure the portfolio. The fund is not benchmarked.

INVESTMENT MANAGER'S COMMENTS

Sell in May and fly away? As the S&P500 delivered its worst May in 7 years and second-worst since the 60s, sayings and statistics can be misleading. But May is more up than down and this May came after a very strong start to 2019. Thus, the only rational conclusion is that volatility is back and needs to be addressed: go for convertible bond picking! On top of that, Exane CB research pointed out that European Blue Chip CBs have cheapened to a level not seen for a long time. In the US market, which constitutes over 60% of the global universe, Barclays US CB research noticed that since the start of 2019, the average price of the convert index has gone up to 112, but still well below the 2018 peak average index price of 125 (March 2018). And if the current yield has decreased 20bps, premium has also decreased by ~2.3% to 37.5%. Convertible name picking will be key to success.

At the portfolio level, we were active in the primary market participating in the new **Orpea 2027**. We had previously sold our position in the company when the stock was 15% higher. This new convertible valuation was high but still made sense on a relative value basis.

We also agreed to **GN Store Nord** purchase offer on its 2022 convertible bond. We had invested in the primary market and like the company but the stock, after a very good run, trades above Bloomberg analysts target price so we considered it was a good time to take some money off the table.

Sony jumped 10% on their share buyback announcement and strategic partnership with Microsoft on areas such as streaming games, media and new image sensors. It maybe the right answer to Google Stradia's offensive into

gaming. Once again, after his 2013 offensive, activist investor Loeb from Third Point has built a stake in Sony and speculation is that the investor is focusing on the movie business again. Profit is under the 10% level whilst major U.S. competitors have been posting much more impressive figures, with Time Warner well above 10% and Walt Disney knocking out numbers close to 30%. Mizuho, SMBC Nikko and Goldman Sachs increased their target prices.

Cypress Semiconductor performed well in May, contrary to other semiconductors that suffered from US-China trade war, after Bloomberg reported that the company is exploring a sale following takeover interest. SunTrust said Cypress could be worth \$19 in a takeout while Susquehanna, another broker covering the company, foresees \$25/share which is Harvest's 2 year target price.

Finally, we invested into **Teladoc 1.375% 2025**. Teladoc is the oldest (2002) and largest telemedicine/telehealth company in the US. It provides access to board-certified, state-licensed physicians 24 hours a day for non-emergency medical issues such as allergies, bronchitis, pink eye, sinus problems and ear infection via audio-video technology for consultations regarding medical advice, diagnoses and basic prescription medications. Physicians pay a subscription fee and members a visit fee (around 360 of Fortune 1000 companies signed up) to access the Teladoc platform. Teladoc boasts over 20 million members (over 30 languages via a network of 20 offices in 30 countries) and is a nice observation deck to the rapidly growing global virtual care market estimated at over \$55bn.

NAV PER SHARE SINCE INCEPTION (CLASS A)**PERFORMANCE**

	A	B	Hard closed	
			C *	H *
HEDGED	NO	NO	CURRENCIES	CURRENCIES & DELTA
DELTA	31%	31%	31%	0%
VOLATILITY	6.75%	6.75%	6.87%	3.69%
NAV/SHARE	152.24	142.91	116.21	104.54
MONTH	-1.19%	-1.14%	-1.48%	1.17%
2019	6.53%	6.83%	4.38%	0.98%
2018	-1.27%	-0.65%	-5.32%	-0.66%
2017	4.90%	5.33%	10.40%	-0.19%
2016	0.50%	1.20%	-2.11%	-5.97%
2015	4.69%	5.37%	-1.58%	0.95%
2014	14.17%	14.85%	5.59%	9.85%
2013	3.88%	4.53%	7.63%	0.15% **

**Since 01/07/2013

MAIN HOLDINGS

TOP 10	CCY	MATURITY / DURATION	PUT	%	DELTA	YTM/YTP
RED HAT 0.25% 2019	USD	01/10/2019		2.50%	100%	0.00%
FORTIS CASHES 2.305 2049	EUR	29/12/2049		2.50%	0%	2.26%
TULLOW OIL 6.625% 2021	USD	12/07/2021		2.29%	46%	0.00%
BANK OF AMERICA 7.25% PERP	USD			2.28%	-21%	5.43%
SONY CORPORATION 0% 2022	JPY	30/09/2022		2.25%	60%	0.00%
RAG STIFTUNG 0% 2021	EUR	18/02/2021		2.24%	30%	0.00%
AMERICA MOVIL 0% 2020	EUR	28/05/2020		2.22%	3%	0.57%
AGEASFINLUX SA 1.022% PERP	EUR			2.02%	1%	2.06%
BAGAN CAPITAL 0% 2021	USD	23/09/2021	23/09/2019	1.98%	0%	2.73%
PURE STORAGE 0.125% 2023	USD	15/04/2023		1.92%	48%	1.17%
NAV		4.95		100%	31%	2.00%

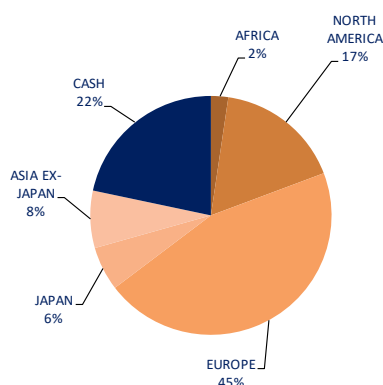
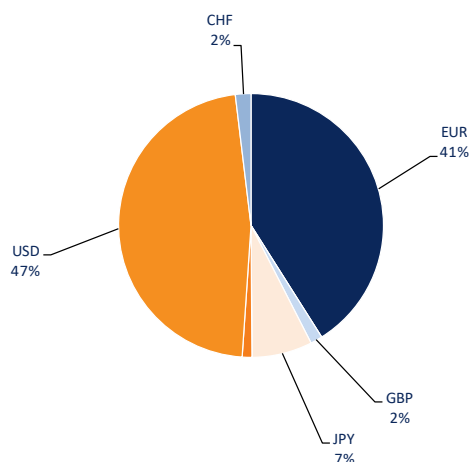
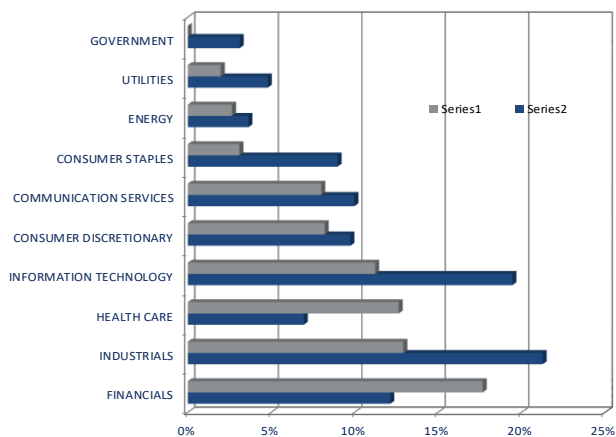
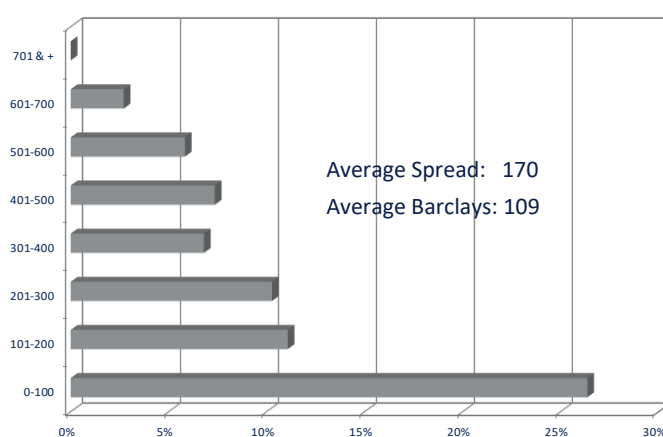
TOP 5 / BOTTOM 5 (ATTRIBUTION)	
RED HAT 0.25% 2019	0.02%
SONY CORPORATION 0% 2022	0.01%
CONSUS 4% 2022	0.01%
BANK OF AMERICA 7.25% PERP	0.01%
VINCI 0.375% 2022	0.01%
SAF-HOLLAND 1% 2020	-0.10%
AGEASFINLUX SA 1.022% PERP	-0.09%
FRESENIUS MEDICAL CARE 1.125% 2020	-0.09%
NXP SEMICONDUCTORS 1% 2019	-0.08%
BAM GROEP 3.125% 2021	-0.07%

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GEOGRAPHIC ALLOCATION**CURRENCY ALLOCATION****SECTOR ALLOCATION****CREDIT SPREAD**

Source: Deutsche Bank

GENERAL INFORMATION

SHARE CLASS	ISIN	LAUNCH DATE	MAN. FEE	PERF. FEE	MIN. INVEST.	CLASS SHARES	SUBFUND ASSETS	CUT-OFF
A	LU0442197868	03/08/2009	1.85%	15% ABOVE 3-MONTHS LIBOR EUR (HIGH WATER MARK)	€ 1.000	CAPITALISATION	EUR 45 MILLIONS	DAILY 12:00 AM
B (INSTITUTIONAL)	LU0518233621	12/07/2010	1.20%		€ 1.000.000			
C (CURRENCY HEDGE)	LU0662027985	16/08/2011	1.85%		€ 1.000			
H (DELTA & CCY HEDGE)	LU0944844058	01/07/2013	1.85%		€ 1.000			

DEPOSITARY BANK	VP Bank (Luxembourg) SA	MANAGEMENT COMPANY	Bellatrix Asset Management S.A.
SUBSCRIPTIONS / REDEMPTIONS	VP Fund Solutions (Luxembourg) SA		31, bd Prince Henri L-1724 Luxembourg
CENTRAL ADMIN / TRANSFER AGENT	FAX +352 404 770 283 TEL +352 404 770 260 FundClients-LUX@vpbank.com		(+352) 26 25 66 20 info@bellatrix.lu
FUND	HARVEST INVESTMENT FUND 2 Rue Edward Steichen L-2540 Luxembourg	ADVISOR	Harvest Advisory S.A.
		AUDITOR	KPMG Luxembourg Société Coopérative
		LEGAL ADVISOR	Elvinger Hoss Prussen

Investment Manager's comments are expressed by Bellatrix Asset Management S.A.. Periodic reports, the prospectus of the Fund, and the simplified prospectus of the subfund are available on request from Bellatrix Asset Management S.A. or at the registered office of the Fund. The present information note should not be considered as an offer to buy or sell shares. In order to constitute an offer, this document should be accompanied by the prospectus of the Fund, the simplified prospectus of the sub-fund and the latest periodic report. Although they are based on the best possible sources, the figures in this document have not been audited. Past performance is no guarantee of future performance as the net asset value of the portfolio of the sub-fund depends on market developments. Returns are net of management and performance fees.